



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

Board of Supervisors

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July 16, 2002

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**RECOMMENDATION TO APPROVE AMENDMENT TO AGREEMENT
WITH RISK TECHNOLOGIES INC. FOR A
RISK MANAGEMENT AND CLAIMS ADMINISTRATION INFORMATION SYSTEM (RMIS)
(ALL DISTRICTS AFFECTED) (3 VOTES)**

**CIO RECOMMENDATION: APPROVE (X)
 APPROVE WITH MODIFICATION ()
 DISAPPROVE ()**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chair to execute the attached Proposed Amendment One to the Agreement with Risk Technologies, Inc. (RTI), which provides for the following actions:
 - A. Extend the delivery and implementation date of the system by an additional 216 days after the effective date of the amendment.
 - B. Expand the license purchase structure to automatically migrate the County to an Enterprise License in the event that the number of individual licenses exceed the original number provided in the agreement at a cost not to exceed \$600,000.
 - C. Increase the maximum payment for professional consulting services and



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out-of-pocket expenses from \$25,000 to \$50,000 because of a recently identified need from County Counsel to convert additional historical County Counsel data to the new system.

- D. Increase the amount of the previously delegated authority to the Chief Administrative Officer (CAO) to negotiate and approve/execute six (6) annual RMIS service and maintenance extensions to include increased costs for help desk support for the enterprise license from \$250,000 per year to \$375,000 per year.
2. Instruct the Auditor-Controller to pay program costs as invoiced and validated by the CAO.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On March 6, 2001, your Board approved the development and implementation of a new, state of the art, risk management information system (RMIS). The contract provided that the system would be fully implemented on August 7, 2002, with ongoing system support through 2009. Your Board further instructed the Chief Administrative Officer, County Counsel, and all affected Department Heads to develop an implementation plan for department use of the RMIS and instructed each Department/District Head to include in their Goals and Objectives the use of the RMIS.

We request your Board approve this amendment to the original contract for the following reasons:

Increased Department Participation

In response to your Board's direction, departments are making substantial additional effort to incorporate use of the system within their operations. As their level of interest and participation has increased, we have responded by greatly expanding the number of design and implementation meetings with the vendor and consultants to ensure that both County-wide and individual departmental needs are appropriately addressed. At the same time, these unanticipated additional meetings, although necessary, were not addressed within the original work plan and implementation schedule.

For example, County Counsel has now identified an opportunity to use the new RMIS to

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replace an additional database and is requesting that the historical data it contains be converted for use in the new RMIS. The Executive Office, which formally accepts claims on the County's behalf for referral to County Counsel has decided it can modify business practices and use the RMIS to replace the existing claims entry system. Health Services, Sheriff, and Fire have also required additional time for their fiscal services, internal risk management, and operations staff to implement the internal business changes needed to fully benefit from RMIS implementation. Therefore, the amendment extends the implementation schedule to accommodate these needs identified subsequent to the original work plan schedule.

Projected Increase in Department Usage - RMIS User Licenses and User Support

As departments have developed their internal RMIS implementation plans, County Counsel, Fire, Sheriff, Executive Office, and Health Services have advised they plan to increase the number of their system users. It is anticipated that other departments may elect to do the same, which will require the purchase of additional user licenses, over and above what was originally budgeted. If this trend continues at the present pace, the amendment will automatically migrate the County to an enterprise license at a cost not to exceed \$600,000. The amendment will prevent the cost of individual user licenses from exceeding that of the enterprise license.

Implementation of Strategic Plan Goals

The implementation of the RMIS countywide will provide support for goal number 3: Organizational effectiveness, by ensuring that service delivery systems are efficient, effective, and goal-oriented. Also, the RMIS will support goal number 4: Improve fiscal responsibility by strengthening the County's fiscal capacity.

FISCAL IMPACT/FINANCING

The total one time cost to convert the additional County Counsel data as described above is \$25,000. The total one time cost to buy the enterprise license is \$600,000. Ongoing annual costs for additional help desk services when the County purchases an enterprise license will increase from \$250,000 to \$375,000 to accommodate the increased demand by the additional County users. Funding for system implementation was included in the FY2000-2001 and FY2002-2003 Insurance Budgets. Ongoing operating costs will be

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included in future Insurance Budgets. It is expected that over time, these costs will be partially offset through reduced manual production of reports and statistics and improved loss prevention.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

This Proposed Amendment One has been reviewed by the Chief Information Office, outside counsel, and has been approved as to form by County Counsel.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The County's month-to-month extension of services from the incumbent RMIS provider, Corporate Systems, will continue until the County's transition to the new RMIS system.

CONCLUSION

Both the CIO and the County's project consultants, ARMTech and Tillinghast, Towers-Perrin concur with the CAO that the RMIS implementation schedule should be adjusted to accommodate the increased department participation and related developments.

Respectfully submitted,

Reviewed by:

DAVID E. JANSSEN
Chief Administrative Officer

JON W. FULLINWIDER
Chief Information Officer

DEJ:SNY
DU:CY:lis
Attachments

c: County Counsel
Auditor Controller
Chief Information Office